

The changing meaning of core–periphery relations of a non-metropolitan “urban region” at the Hungarian–Romanian border

disP 189 · 2/2012 93

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Abstract: The multiplicity and fluidity of the roles and functions of Gyula, a small town of a forming non-metropolitan urban region along the Hungarian–Romanian state border, both as a core and part of a periphery is unquestionable. In studying this multiplicity and fluidity in a relational approach and in the context of geographical scale, place and space, this paper has two main arguments to be discussed as follows: 1. As a result of the geopolitical and political-economic transformations of the differing modes of production at a national scale, Gyula – in an everyday fight for power at urban scale – was gaining and losing its core-position and hinterland.

2. The uneven development of “new capitalism” has made Gyula’s hinterland a “redlined” periphery, where even the issue of dependence on the core loses its relevance, as it is an area shunned by flows of capital, labour and goods completely.

As far as the temporal dimension of the analysis is concerned, local agents’ responses will be put in the context of major shifts and turns of socio-economic structures from the early modern period (17–18. c.) to recent days. The changing meaning of core–periphery relations of the discussed non-metropolitan region – that is, as a whole, part of a macro-region being peripheralised – will be interpreted in relation to the uneven development of Hungarian regions and to the national discourses over uneven development.

The results of the research summarised in the paper based on a qualitative analysis of series of interviews with local stakeholders and a review of historical sources and literature, as well as of urban/regional development documents.

1. The research topic – a conceptual framework

Neither periphery nor peripheralisation (nor their spatial dimension) is a key topic in the discourses of regional policies, geography or regional science in Hungary. They are hardly used in the currently effective *National Spatial Development Concept*, and seem to have only two

meanings. They denote (i) regions in peripheral locations (mainly along the national borders) that are areas whose accessibility must be improved, and (ii) areas that consistently lagging behind in terms of social and economic restructuring and growth. In the jargon of regional science and planning discussing the socio-spatial consequences of the transition extensively, periphery has become synonymous with “backwardness”, “economically disadvantaged” and “marginality”; while in neoliberal economic discourses, which have gained ground fast, it has come to mean “loser” and “uncompetitive”.

Research targeted at peripheries and peripheralisation in Hungary focuses mainly on the core–periphery relationship and is limited to the delineation, typification and characterisation of peripheral areas (regions). Nemes Nagy (1996) identifies three approaches to the core–periphery relationship: the locational (geographical), economic (level of development-related) and social (political power-related) approaches. The central concepts of these three approaches are distance, value equivalence and dependence in that order. He argues that while the traditional geographical approach associates peripheries with their peripheral location (i.e. the fact that they lie along national borders), regional science should focus on the relationship between the location and dependence aspects of peripheries (Nemes Nagy 1998). Neither he, nor others have provided an in-depth analysis of the way that different political-economic views, e.g. neo-classical and neo-Marxist approaches, can influence the perception of the permanence or transience of the core–periphery status or of the evaluation of the transformation of the dependence, development-related differences and relationships between centres and peripheries (see e.g. in Wellhofer 1989).

Nearly all the Hungarian researchers studying the topic agree that the core–periphery relationship is relative by time, geographical scales and by the above-discussed meanings (location, level of development and power). As regards the geographical scale, in contrast to the traditional Western research, the sub-national (i.e. macro-, micro-regional) level delineation of centres and

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peripheries has been dominant in geography and regional sciences in Hungary over the past two decades. Distance and dependence, but, first and foremost, development (as variables needed for delineation and dimensions/factors determining structural separation) were all assigned an important role in these delineations (Rechnitzer 1993; Nemes Nagy 1996, Nagy G. 2005; Kanalas, Kiss 2006). So far, either no description of the mechanism of the evolvement, transformation and reproduction of centres and peripheries has been provided, or little importance has been attached to such descriptions.

It is no coincidence that the analysis of temporal changes (relativity) is subject to how far statistical data go back in time. This is all the more important because, published in the last decade of the socialist era and complete with overviews that span, at a national level, historical eras (Enyedi 1976; Sárfalvi 1991; Baranyi, Farkas 2006), some sub-national core-periphery studies alone give rise to a few thought-provoking issues, whose studies may have something new to offer even for the Western core-periphery research linked exclusively to capitalism.

Two geographic papers analysing the 1980's implicitly raised the issue of *the socialist characteristics of the core-periphery relationships* and that of the role of the socialist state in creating economic dependence and inequalities in economic development. Using Marxist terminology (e.g. forces of production and mode of production, etc.) and also pointing out the inequalities between centres and peripheries, Tóth and Csátári (1983) considered the spatial structure of Hungary or any other country as an aggregate of centres and peripheries at different levels and with different relationships.¹ They claimed that the aim of the state acting along a Marxist-Leninist ideology should be the elimination of "inherited spatial inequalities" in social and economic development. They noted that in difficult economic situations decision-makers face a serious dilemma. What they have to make a decision on is the extent to which they should, using development funds, "provide financial support for the centres that are the most innovative and therefore the best meet the conditions of efficient investments and/or the extent to which they should provide financial support for the peripheries in order to reduce differences between the individual levels of development" (Tóth, Csátári 1983: 80.p.). They thought that "it stems logically from the very nature of the issue and the country's universal interest, that the redistributive system of economic control prefers centres" (Tóth, Csátári 1983: 81.p.). However,

relying on empirical research in the Great Plain region (periphery), Tóth and Csátári strove to prove that the extent to which peripheries were "disprioritised" was much greater than what was "justified or socially acceptable". As a result, both backwardness and the peripheral status were reproduced in the context of the centrally planned system – that could hardly be explained by changes in the global economy. In contrast, Barta (1990) raised the issue whether the models based on the analyses, conducted mostly at the global scale, of capitalism can be applied to the socialist Hungary, i.e. whether the conditions of the emergence of the core-periphery relationships existed in the 1980's, when the economy was still characterised by autarchy and the dependence of the socialist companies on the state. Studying changes in the companies in the industrial sector as well as the implications of such changes, she arrived at the conclusion that there had been core-periphery relationships in the economy. Such relations manifested in unbalanced power relations (headquarters vs. local production), that were particularly marked in the Budapest-countryside context. Due to its advantaged position in the power structure, the capital city has always been able to seize the dynamic components of development.

This incomplete discussion provides an excellent background to the understanding of the core-periphery relationship of today's capitalist Hungary. As regards research that considers peripheralisation and the core-periphery relationship as part of the production of space, studying the recent past of socialism may help us better understand the characteristics associated with the modes of production (Lefebvre 1991). In this paper we will – following through the characteristics of pre-socialist, socialist and capitalist modes of production – study temporal changes, evaluated at various (international, national and regional) scales (Chapter 2), in the core and periphery roles/status of *Gyula* and its urban region as well as the reasons underlying the changes. Moreover, we shall give brief overview of discourses revolving around the issue of peripheralization, that largely shaped the production of conceived spaces (Lefebvre, 1991) in the transition period (Chapter 3). Besides, presenting the structural characteristics studied in a geopolitical and political economic context, we will also provide an overview of the lived-in spaces and the views on the core-periphery relationship of the (economic, political and civil) actors of the production of space (Chapter 4). Our case study field (*Gyula* and its hinterland) presents various relationships that are common

relationships in today's Hungary. It is outside the Budapest metropolitan area, which is linked to global networks, and forms part of the Great Plain macro-region and the Romanian–Hungarian border region, which has long been characterised as a periphery. We will expound on two arguments in detail:

- As a result of the geopolitical and political-economic transformations of the different modes of production at a national scale, Gyula – in a daily fight for power at an urban scale – gained and later lost its core position and hinterland.
- Uneven development of new capitalism has made parts of Gyula's hinterland a “redlined” periphery, where even the issue of dependence on the core loses its relevance, as it is an area shunned by flows of capital, labour and goods completely.

The results of the research summarised in the paper are based on the qualitative analysis of a series of interviews with local stakeholders and an overview of historical sources and literature, as well as urban/regional development documents².

2. The changing core–periphery status of the Gyula region: a historical perspective

Although, Gyula is a small town by European scale (the population is 33,000), its urban region represents a number of socio-spatial problems targeted by European policies. Gyula is located in a highly backward region (South

East Hungary, County Békés) labelled as “peripheral” (ESPON 1.1.2.), and performs as an important European (EU) entry point at Hungarian–Romanian border. Due to its economic functions and to its role in the systems of collective consumption, it is defined as the centre of a functional urban region (FUA) within Hungary (ESPON 1.1.1.). Nevertheless, as Gyula is situated in a region – Central Békés – dominated by two urban centres (sharing central functions with Békéscsaba), it is considered as a potential integration area (PIA), a pillar for a more balanced spatial development within Europe. Moreover, the scale of Gyula's urban functions and the spatial structure of its hinterland (crossing the national borders) made it also a potential centre for policentric urban development (PUSH/ESPON 1.1.1.). Thus, Gyula and its hinterland should be considered as a “laboratory” for understanding socio-spatial processes of the production of peripheries and the impact of national and European policies, as well as for formulating new policies tailored to local needs.

To evaluate the changing position of the town, Gyula and its urban region in time, we separated three different phases characterised by different modes of production. In the discussed periods, we analyse peripherality along three terms, i.e. location (changing geopolitical conditions and position in flows), economic backwardness and dependence vs. central functions (changing power relations). In each period, we focus on geographical scales which are the most relevant to producing core–periphery relations.



Fig. 1: The study area – Gyula and its catchment area.
(Source: The authors' own compilation)

2.1 The pre-socialist period

Location

Lying close to river transport facilities, in an area that floods spared, Gyula emerged as a centre of controlling the trade route along River Körös. The town was a hub of land transportation, nevertheless, situated outside the nearest busy axis of flows (Arad–Oradea) (Kristó 1981). In the modern period, Gyula's central roles were declining, as the most important railway lines were concentrated in the neighbouring Békéscsaba in the second half of the 19th century (Scherer 1938). After the World War I the geographical location changed dramatically: as a result of the dominant geopolitical discourses (that manifested in the peace treaty), Gyula's central geographical position was transformed into peripherality at once; it became a border town, cut off from its traditional catchment area (Figure 1).

Economic peripherality

At the beginning of 15th century, when a mag-nate family organised a wide domain around the settlement, Gyula became a market centre of agriculture products and manufacturing. Its status emerged to market town (*oppidum*) after 1450 and became the seat of Békés County (Kristó 1981). After the stagnation of the Turkish occupation, in the 18th century, small scale local industries emerged; nevertheless, rival towns around Gyula developed (industrialised) faster. In the 19th century Gyula's significance as economic centre rested basically on its market functions: there were four annual country-wide animal fairs. Agricultural raw materials were the basis for the emerging local food production (sausages, smoked meat) well-known and demanded on the markets of Austrian-Hungarian Empire (Scherer 1938). Gyula's economic dependence on the capital city was growing between the two World Wars, basically, through the concentration of capital flow reflected by the centralisation of the banking sector of Hungary (Gál, 2010).

Dependence vs. central functions

In the pre-socialist period, Gyula had central role in public administration, as the seat of County Békés. It gained a township status in 1853, but as consequence, Gyula had to set up and finance a wide range of administrative, education and health care institutions. As

a result, by the end of the 19th century Gyula's catchment area was extended eastward, along the river Körös (Figure 1). After a short period of isolation following the first World War, traditional linkages partly revived in everyday life: business relations and individuals' daily movements crossed the national border again (Scherer 1938).

2.2 The socialist period (1945–1990)

Locational situation

After 1945, national borders had a new function in the region, separating territorialised states (economies) inside the COMECON area. A moderate change began in 1971, when a border crossing was opened at Gyula that involved small scale and geographically limited movements across the state border (Velkey 2003). In the 1980s, the scale of cross-border movements decreased as a consequence of the isolation policy of the Ceausescu regime in Romania.

Economic peripherality

In the socialist period, industrialisation was driving economic development. Although, there were over 10 large-scaled state-owned industrial companies with more than 250 employees settled in Gyula, the town did not have an industrial character. Local manufacturing was dominated by food-industries, textile factories, printing, but heavy industries and high-tech sectors were missing (Marsi, Szabó 1975). Newly settled factories depended on corporate headquarters concentrated in Budapest. Nevertheless, Gyula grew a centre for processing agricultural products of its hinterland, involving households and state organisations in the suppliers' network. As Gyula had no chance for large-scaled industrial investments due to its geographical location, local political leaders envisioned a development path that rested on a spa town strategy. After 1965, Gyula grew popular target of such tourism in the COMECON area, and later, also for visitors from Yugoslavia, Germany and Austria (Albel, Tokaji 2006).

Dependence vs. central functions

After a long period of rivalry with Békéscsaba, Gyula lost its county seat function in 1950. Due to the geographical proximity of the two towns, a division of county-centre functions emerged (Gyula had the law court, the attorney's department, the registry court, the penal authorities,

the archive and the hospital, the regional tourism agency, and the environmental protection and water conservation authority) (Velkey 2003). Nevertheless, the local elite considered Gyula as a loser of the socialist regime. As an administrative centre, Gyula organised its LAU 1 level hinterland (district) that covered its commuting zone. In the 1980s, supported by geographical studies focused on the region, a new spatial scale (Central Békés FUR) was defined as a potential framework for development. It was to be built upon the geographical proximity of three central places (Békéscsaba, Gyula, Békés) and a dense networks of co-operation that existed among them and the surrounding villages (Figure 1). However, this scenario for tackling peripherality did (could) not work within the centrally planned system, due to the limited scope of bottom-up (grass root) initiatives.

2.3 *The post-socialist transition and the post-transition period*

Locational situation

After 1990, the meaning of national borders has been transformed: its contacting, enabling and filtering role grew dominant (Timár 2007), particularly, due to the geopolitical turn of the EU accession of Hungary (2004) and Romania (2007). Border crossing became easy for individuals, and also for businesses, however, the entry of Hungary in the Schengen system slowed this process down (Süli-Zakar 2008). As new border crossings were opened, the mobility of employees increased in Gyula's urban region; before 2005, Romanian workers were employed seasonally in agriculture, construction, personal services and tourism in the region, and a few Hungarian blue-collar workers got a job in the industrial parks of Arad and Oradea in the booming period of the Romanian economy (2005–2008) (Németh 2009). In the post-2000 period, transportation development projects (e.g. the bypass around the town, motorway between Gyula and Békéscsaba, the regional airport in Békéscsaba) were expected to strengthen Gyula's role in space of flows, nevertheless, national transportation concepts (e.g. motorway construction) reproduced the peripherality of the area. Thus, the EU accession turned the local elite towards cross-border co-operation and to the opportunities of European networking (historical towns, SMESTO co-operations, etc.) and funds. Such new scales that cross national borders were defined by the local agents as “a way out” to re-define the regions' peripherality

in a locational term (Nagy G. 2008). Nevertheless, such network-based concepts are hindered by EU transportation policies that do not support any development in the region, and also by national road network construction programs that has been ignoring Southeast Hungary for decades.

Economic peripherality

The shock of transition from a centrally planned system into a market economy hit the local economy heavily (Hamilton et al 2005). In the 1990s, the majority of large-scale companies (chiefly, the ones headquartered in Budapest) were closed down. Although, the activity in founding new businesses was really high, new, small-scale enterprises could only moderate employment and social crisis in the urban region (Velkey 2003). The location close to the national border offered emerging business opportunities to find partners on the Romanian side, first in retail, and later, in construction, services and manufacturing. Nevertheless, co-operations in manufacturing “jumped over” the border zone and moved towards the major cities inside Romania (Majoros 2005), due to the backwardness of the rural area on the Romanian side.

Recently, the most dynamic service activities, particularly, those related to tourism are the engines of the local economy. The high number of tourists and one-day visitors stimulated large-scaled retail developments (TESCO, SPAR, LIDL, ALDI, JYSK). This process enlarged the catchment area of Gyula that crosses the national border and covers its historical urban region. (Nagy, Nagy 2008; Bodó, Kicsiny 2010). This process was supported also by the recovery of (public) institutional services (health care, education) and the development of personal services (Baranyi 2005; Hardi et al 2009).

The re-contextualisation of the town's economic functions was supported by national funds that targeted the development of spa tourism (“Széchenyi Terv”, 2000–2002), as well as by structural funds of the EU focused on revitalization of urban centres and on the development of infrastructure. Nevertheless, i) as the EU cohesion policies were re-scaled – focused increasingly on the urban network and urban-rural relations –, ii) as the national operational programs were dominated by sectoral interests and aspects and scarcely dealt with local/regional specificities and needs, moreover, iii) as local human and financial capacities in small towns and villages were/are scanty to apply for and manage EU-funded projects (pre-financing,

beneficiary's own share, etc.), the impact of development policies were highly selective in sectoral and spatial terms, reproducing the backwardness of Gyula's hinterland.

Dependence vs. central functions

The significance of Gyula declined in territorial administration after 1990, due to the reform that abandoned LAU 1 units. A new system was set up in 1994 (small-regions), that defined urban regions as development and statistical units, thus reconstituted the central administrative role of Gyula in its hinterland. Nevertheless, the development of Gyula and its region remained highly dependent on non-local agents, such as investors in tourism industries (e.g. hotels, restaurants) and on governmental policies that define the financial conditions of local public services. At the same time, concepts that (should) rest on a wider territorial cooperation involving the urban network (FUR) of "Central Békés" in regional planning and development, in lobbying for national funds, and in marketing, just seem to fail³. Recently, the cooperation within the FUR works as a temporary consulting forum of local majors. The rivalry among settlements for investors, moreover the system of territorial governance that does not support cooperation of municipalities hinder inter-urban co-operation (e.g. such form of governance does not exist thus, it is not funded). In this way,

the advantages of the FUR cannot be exploited to ease the peripherality of Gyula and its hinterland (Nagy G. 2008).

3. Approaches to peripherality: discourses on uneven development and the socio-spatial design of Hungary under capitalism

Discourses over socio-spatial inequalities were shaped largely by quantitative investigations that analysed the temporary changes and relativity of core-periphery situation at national scale in the transition and post-transition era. Such analyses employed different approaches to understand the process of production of peripheries. Nevertheless, they interpreted the status of Gyula and its environs peripheral within the national space-economy, that was (is being) produced by the undelying socio-spatial logic of capitalism.

Based on the analysis of the conditions of innovation in towns and their environs, Rechnitzer (1993) describes Gyula as a centre with an innovation deficient path and declining industrial profile that heavily effect its urban region. A significant result of Rechnitzer's is a model depicting the country's future spatial structure that rests on innovation capacities of cities, where Gyula lays at the Eastern end of a potential innovation axis surrounded by external (economic and locational) peripheries (Figure 2).

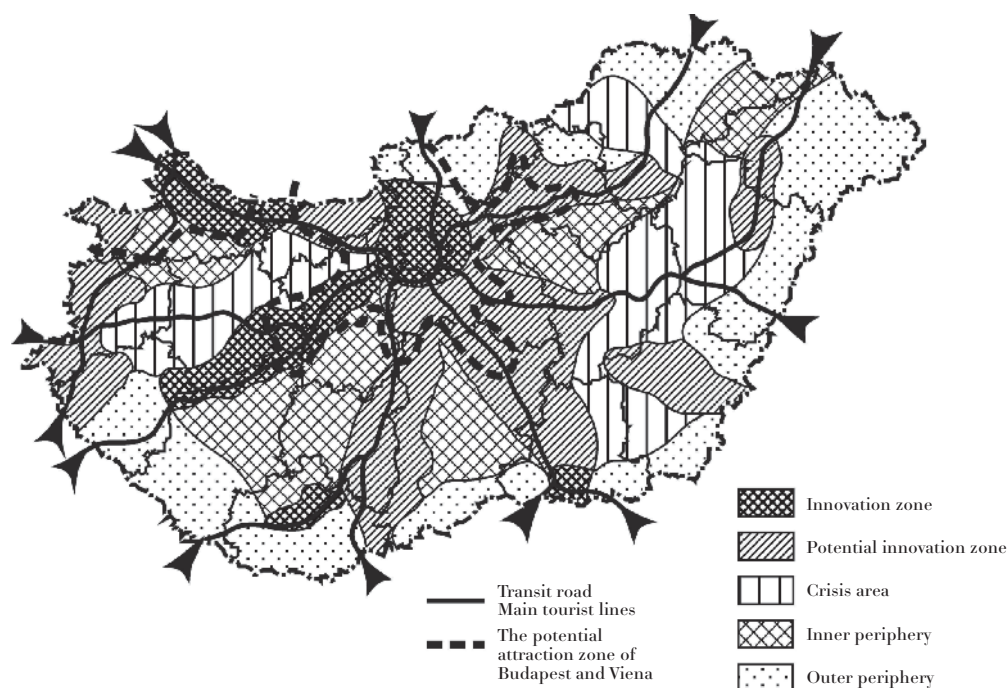


Fig. 2: A potential spatial structure of Hungary in the early 1990s.
(Source: Rechnitzer 1993)

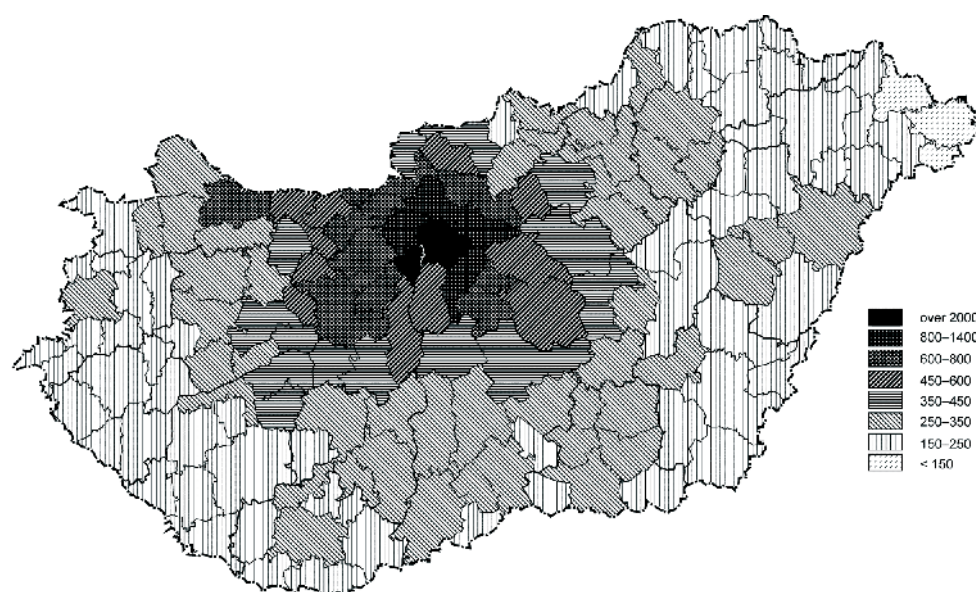


Fig. 3: Economic potential of Hungarian small-regions (LAU 1 units).

(Source: Nagy G. 2005)

In his calculations Nemes Nagy (1996) categorises space types according to four dimensions. In the “spaces of employment” Gyula and its urban region took a favourable position, as the majority of the state-owned companies were still operational. In the “spaces of entrepreneurial activity”, denoted the willingness to run a business and favourable business demographic characteristics, in which Gyula held a position of the national average. The analysis considered the “spaces of FDI” as a new dimension generating spatial inequalities; in which, Gyula and its urban region was lagging far behind the urban average. The fourth dimension, “the index of economic health” was complex indicator including business, income and unemployment data. In this, term, Gyula and its hinterland gained a positive value, that was attributable to favourable income and employment conditions. Nemes Nagy’s analysis offered two lessons: i) while the situation along the Hungarian–Austrian national border offered a potential for fast economic restructuring after the transition, the one along the Hungarian–Romanian, the Hungarian–Ukrainian and the Hungarian–Croatian national border was a barrier to economic growth; ii) generally, the most backward areas in border regions were all linked to geographical peripheries. By contrast, in the case of the Great Plain (“Alföld”), there was no difference in the level of development between the peripheries along the border and the disadvantaged spaces emerging in the internal spaces.

Using a potential model, Nagy G. (2005) strove to explore the economic core-periphery relationship. Calculations for the LAU 1 level suggested a ring-like spatial structure with Budapest as its centre. The value of development potential at a small regional level is low in the case of Gyula and its environs, and the corresponding value for the two small regions neighbouring them is even lower. Under this comparison, the region studied can be interpreted as the periphery (outlying region) within the Hungarian economic spatial structure (Figure 3).

In a gravity model, which marked the end of a research project focusing expressly on the issue of peripheries, has sought also to classify the country’s stock of settlements (Figure 4). The supergravitation index used in the model calculations was the aggregate result of six basic indicators (population, local economy, income, infrastructure, health and education). Calculations reveal that the role of agriculture in creating peripheries (in rural areas) is striking in the Great Plain macro-region. Moreover, although Gyula qualifies as a centre on the basis of the supergravitation index, the periphery status of villages in the town’s catchment area is dominant. This finding was supported by earlier calculations of Csátári and Tóth 2006. Thus, the results confirmed the assertion that had already been adopted in the relevant literature: “Notwithstanding the political changeover, the Alföld [Great Plain] region remained a periphery. Extensive areas along the border and isolated internal areas even became the ‘periph-

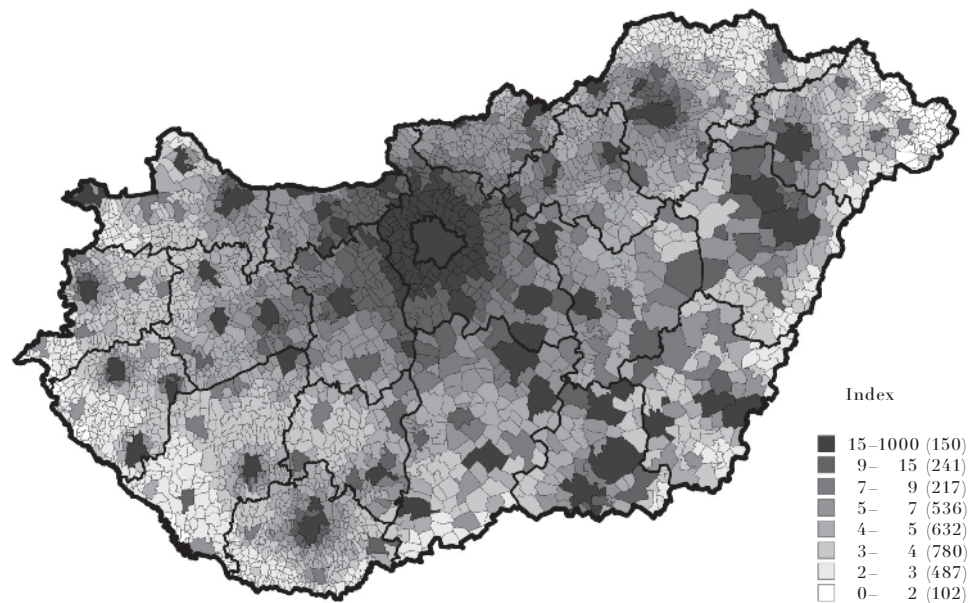


Fig. 4: Standardized super-gravity index of Hungarian settlements, 2006.

(Source: Csatóri, Tóth 2006)

eries of the periphery” (Baranyi et al. 2006: 219–220).

In the period of emerging market economy, all researchers stressed the multiscalarity and complexity (“dimensions”) of (re)production of peripherality (Hamilton et al 2005). The models underline that uneven development resulted by the inherent logic of capitalism made Gyula and particularly, its hinterland peripheral in terms of economic restructuring as well as of power relations. Although, the results (and the researchers themselves) defined peripheralization as a highly differentiated process, the models shaped political, economic and planning discourses at national and local level, supporting the reproduction of the backwardness and dependence by discussing the Gyula region as part of the “eastern periphery”. Moreover, they all failed to investigate peripheries as a “lived experiences”, that might reinterpret and change – or just reproduce – peripherality through everyday practices of local institutions, organisations and individuals.

4. Local interpretations of “being periphery”

Being a periphery, and seeking for a particular development path as a response to major (macro-)structural changes became part of everyday practices of local agents in Gyula and its hinterland. Interviews conducted with entrepreneurs, local politicians, representatives of

public institutions and of civic organisations suggested that, peripherality is interpreted as a *multiscalar process* here: economic decline and heavy social problems that were put in the focus of each discussion are associated with the logic of global capitalism, changes in the geopolitical situation, failures of national policies, as well as with local and regional conflicts. Moreover, various interpretations of peripherality by the interviewees made us understand, how dependence is being (re-)produced in everyday organisational practices, and how the significance of Gyula’s hinterland was shrinking in the context of new capitalism.

In the interviewees’ interpretations, *the economic decline* of the town is rooted in the collapse of local manufacturing industries, dominantly, by closing down of small-scale textile, food, woodwork and electronic factories. Although, such activities were typical products of relocation of low-paid, semiskilled industrial activities in the socialist centrally planned system, through which, the dependence of local economy was reproduced before the transition, the shock of rising unemployment was perceived something much worse in the early 1990s. The interviewees agreed on considering the wider region (South East Hungary) as a periphery, characterised by declining incomes and demand⁴, while the development of Gyula was perceived relatively dynamic and promising. The interviewed agents of the local economy stressed that economic decline and labour market crisis were perpetuated rather by the

failures of national economic policies in the transition period (by rapid liberalization and privatization), than by the global division of labour in which, unskilled small scale peripheral industries were (are) not considered competitive. Although, the recent crisis of capitalism hit heavily the local economy again devaluing local labour and assets (firms, properties, etc.), it is taken by local agents as an unavoidable “side-product” of capitalism. This view reflects how social relations of capitalism were naturalised in the context of post-socialist transition (Zizek 2009).

The fall of food-processing industry and the collapse of its regionally organised supplier networks are considered as key issues of economic peripheralization of the area by the interviewees. The meat-processing industry is a hallmark of Gyula's economy, and the locally produced sausage (“Gyulai kolbász”) is a protected geographical brand now. Nevertheless, local entrepreneurs and policy-makers label its story as “series of failures” and “a disaster”, but also a typical case of post-socialist industrial restructuring. The local factory was privatized and incorporated into the globally organised supply networks of major food retailers,⁵ that entered on the rapidly liberalized markets of East Central Europe in the 1990s (Nagy 2005). The power asymmetry of retailer-supplier relations within buyer-driven commodity chains (see Gereffi 1999; Foord et al 1996) are perceived as an increasing dependence on retailers' business strategies in the daily business praxis of the local meat-processing firm, and also as payment problems that endanger employees constantly. Meanwhile, the erosion of regional embeddedness of the meat industry was also perceived. It was interpreted as a result of various social relations that organised at different scales, such as (i) the competition within the supply chain that forced food processing firms to seek for bargaining with their livestock suppliers (i.e. the logic of commodity chains), (ii) national sectoral policies that did not support (in fact, hindered) technological and organisational innovations in the agriculture, (iii) EU regulations that produced uneven conditions for the market entry of food producers from the old and the new member states. Thus, declining incomes and fading trust perpetuated an agricultural crisis hitting Gyula's region heavily⁶, weakened traditional town-hinterland economic linkages and as a consequence, made rural communities “redlined”. At the same time, supplier relations crossed the Romanian-Hungarian borders increasingly: retailers and the

meat processing firm exploited “policy rents” in cross-border trade, supporting the revival of historical market relations, while spoiling domestic (hinterland) suppliers' market position.

The “way out” envisioned by the agents of the local economy rests on the development of *service industries*, in particular, capitalizing on local cultural and environmental assets, such as gastronomy, spa traditions and infrastructure, historical and “civic” milieu, to stimulate the growth of tourism. The concept is supported by the majority of local entrepreneurs (an emerging local cluster in tourism), as well as by the consensus of local political groups on having a “liveable” town. This concept is backed also by national economic policies that put health and wellness tourism in the focus as a pillar of future development (e.g. by linking local and national marketing campaigns). Most of the interviews suggested that, this recipe of local agents for tackling the mechanisms of peripheralization is concerned with European consumers and competitors. European scale is considered highly significant due to the shared cultural values and languages of visitors and hosts, and also to practical issues, such as the (now, only) available funding of EU regional (urban) policies for tourism-related development projects. Moreover, Europe – interpreted as the EU by most of the interviewees – is considered as a framework for bridging cultural differences and tackling geopolitical obstacles (national borders) in business relations, thus, easing flows of tourists, services and capital. In this way, being a European centre of spa and cultural tourism, attracting well-off visitors from the single EU market – increasingly, from neighbouring Romania that is lagging behind Hungary in the development of such services – is in the focus of tackling peripherality in the era of global capitalism. Although, the global context was not discussed by the interviewees explicitly, they all were deeply concerned with the impact of the recent crisis on household incomes throughout Europe (particularly, in the new member states), that hit local service industries due to the high elasticity of demand for spa, wellness and cultural services.

While the agents of the local economy are concerned with the impact of the post-socialist and recent structural crises in Gyula's rural hinterland, the development strategy envisioned and supported by local entrepreneurs, non-local investors and politicians is *focused basically on the town*. In the post-crisis period, the surrounding villages might benefit from the increasing employment; nevertheless, service work and wages are highly polarized, and jobs

in tourism are often seasonal. Moreover, while Hungarian farmers have a chance to improve their market position by extending their cultivated land on the “other side”, the eased permeability of the national border (the single European market) has not resulted in an intense exchange of goods, technology and knowledge yet. Thus, the majority of rural population is still endangered by being “locked in” geographically and economically peripheral spaces, and cannot make advantages either of the increasing permeability of borders or of the growth of services in Gyula.

People living in the rural hinterland perceived the socio-economic marginality of the region in their everyday praxis, as it was articulated by a local dam-keeper (a former entrepreneur) in 2004, who considered the eastern part of the country “redlined” by the agents of the global economy and was deeply sceptic about the EU accession of Hungary (Timár 2007).

“Unfortunately, EU accession comes from THAT direction. If Hungary accedes to the EU, we’ll be the last to notice it. Nobody comes here. Everything and everybody stops at the River Tisza. The soil is of poor quality, there’s no infrastructure, no roads, nothing at all. The cities in West Transdanubia, Transdanubia and maybe, the region between the Danube and the Tisza are still accessible. There’re airports there. Here we’ve got nothing, only low quality soil. Western Europeans don’t want this or marshland or aspen groves. There’s nothing in it for them. The same is with village tourism here. This is backwater ... a ditch that is jumped over.”

Local perceptions of uneven development are largely similar “on the other side” of the border, in Romanian villages that are considered as part of Gyula’s catchment area. Representatives of civic organisations and political leaders of Gyula interpreted this part of the borderland as an “out-of-the-way place” hit by poverty- and demographic erosion, lacking any source for future growth and having scarce (or no) capacities for cooperation.

The enlarged autonomy and scope of communities for cooperation, and the increased permeability of the national border opened up opportunities for re-organising multilayered socio-spatial relationships, involving Gyula as a centre and its (traditional) hinterland. Such possibilities were perceived and considered by the interviewees as potentials for tackling the economic, locational and political peripherality of the region. Nevertheless, cooperation schemes were initiated dominantly by the agents (institutions, civic organisations, businesses) of the

urban centre (Gyula), where knowledge, information, and organisational capacities are concentrated. Such conditions support the reproduction of dependence in the core-periphery relations in urban-rural nexus. This process is perpetuated also by the macroeconomic conditions and the “rolling back” of the Neoliberal state, producing poverty and dependence in the hinterland that local and regional civic and cultural cooperation cannot remedy.

3. Conclusions

As it was suggested by earlier studies, statistics and by lived experiences of local peoples, the peripherality of Gyula and its hinterland was reproduced in each particular stage of modern history, nevertheless, the logic of dependence and power relations driving peripheralization were different.

In the pre-war period, the national economy of Hungary was integrated into transnational flows as a periphery (producing food and raw material), that stimulated the rise of a centralised space-economy in terms of capital flows, organising commodity chains and infrastructure development. In this context, localised systems of production were dependent increasingly on interregional (international) flows, producing “inner” agricultural peripheries, such as Gyula and its hinterland. The changing geopolitical conditions after the World War I re-defined the peripherality for and within the region: being cut-off from earlier catchment (market) area and interregional relations, nearby a border that separated crisis-hit, protectionist national economies challenged communities to set up new strategies and individuals to deal with difficulties in their everyday practices. Nevertheless, the rationality of the market worked in the latter, as crossing the new borders for business purpose was eased by governmental bodies on both sides.

Conditions of the social production of space were re-defined thoroughly in the socialist centrally planned system. It was organised in the framework of the nation-state that was highly centralised and strictly territorialized reinforcing the geopolitical (dividing) role of the national border. In this period, physical distance – being far from the centre of decisions (Budapest) and being at the border that separated two politically alienated states⁷ – was more significant than ever for Gyula and its hinterland in modern history. Moreover, the logic of the centrally planned socialist economy that con-

sidered agriculture-based local production systems as peripheral issues, and rested on the centralised redistribution of wealth through a hierarchical system in which, county seats had a key role (Vági 1982) did reproduce peripherality of the discussed area. The political logic that oppressed community (civic) initiatives also contributed to this process in Gyula. However, the rise of the second economy in the food sector and decentralisation in territorial administration and regional policy (1980s) – steps toward the dissolution of the system itself –, eased the dependence and the economic backwardness of the region.

In the transition period, post-socialist economies grew increasingly embedded into global flows, dominantly, through the changing European division of labour. As a consequence, local economic bases (labour, property, firms) were devalued heavily, reproducing peripherality in backward regions. Their position was reinforced also by Neoliberal policies employed in transition economies (under the pressure of global agents) (Swyngedouw et al 2002; Harvey 2005; Szalai 2006), limiting the scope of national policies to counteract the mechanisms of uneven development that raised heavy conflicts locally. According to Petrakos (2001:360) the process of internationalisation (in this case understood as globalisation) and structural change (i.e. adapting new models of governments and governance) “... tend to favour metropolitan and western regions [in CEE countries], as well as the regions with a strong industrial base. In addition (...) at the macro-geographical level the process of transition will increase disparities at the European level, by favouring countries near the East-West frontier.”

Nevertheless, as a consequence of the political transition (that was, inevitably, “backed” by the interests of powerful agents of global capitalism), new agents acting at subnational, as well as at supranational scale entered the scene of local and regional development in peripheral regions. Communities were empowered to set up their own visions, articulate their interests and to organise local alliances (networks) to realise their strategies to tackle peripherality. Moreover, geopolitical discourses that linked transition and democracy to a unified Europe (Smith 1998; Hörschelmann 2004), re-interpreted the meanings and changed the status of national borders, putting everyday social practices in the focus. Nevertheless, such changes produced uneven development at regional scale (due to the different conditions in border regions), as well as in the town-hinterland nexus (favouring ur-

ban centres as nodes of knowledge and information flow). Moreover, as our case study suggested, the multiscale processes that produced peripherality in the post-1989 period generated local responses (strategies) that rest basically on intra-urban relations (networks), and far less embedded regionally. Thus, considering the experiences of the seven-year EU-membership, national and EU policies seem to support network-based development involving centres with a “critical mass” of knowledge, expertise, institutional capacities and local funds, but do not (cannot) remedy the permanent crisis of “redlined” rural regions where such conditions are missing.

Acknowledgement

The results interpreted above rested on the research project supported by NKTH/NIH of the Republic of Hungary (OMFB-00972/2009.; INNOTARS_o8-varoster). Moreover, we must thank to Gábor Velkey for his contribution to this project, and also for supporting the analysis by his earlier case-study (2003) focused on Gyula.

Notes

- 1 This alone gives rise to interesting issues, because Marxist geographers in the West associate the existence of centres and peripheries and the relationship between them with uneven development which is endemic to capitalism (Smith 1984).
- 2 The number of semi-structured interviews we made in Gyula were 45, and over 25 in the Romanian side (Oradea, Arad, Salonta) from May to December in 2010. The major groups of interviewed actors covered: local decision makers in Gyula and its city region, leaders of administration departments and institutions (education, health, social care), entrepreneurs and their organisations (Chambers of Industry and Commerce, Chamber of Agriculture), major actors in tourism, important units of retail and real estate sector, as well as civic organisations, including the NGO of Romanian minority living around the town. We made also, a questionnaire in the inner city area of the town, when 70 of the 130 retail and service units gave us information about their business strategy. In parallel, we made a survey on identifying the customers of major touristic “hot spots” and large-scaled retail units in Gyula through listing of parking cars in a two-week period in July 2010.
- 3 Central Békés FUR has a development strategy and programs (2006) that rest on mutual interests and agreement of local leaders (2006).
- 4 An interviewee, a chief executive of a local medium-size retail firm used the term “dying retail in the rural hinterland of Gyula”.

- 5 The process was widespread in East Central Europe and integrated into the global strategy of food retailers (see Begg et al. 2003; Cook, Harrison 2003; Hughes, Reimer 2004).
- 6 At the peak of the production (as far as the volume is considered), the supplier network of the Gyula meat factory involved about one-sixth of households in Békés county, its primary catchment area.
- 7 From the late 1960s on, the political relationships between Hungary and Romania got increasingly cold; the worst period was in the 1980s (Réti 2003).

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